

HANMOTO



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

March 30, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Dear Supervisors:

**SEVEN-YEAR LEASE AMENDMENT
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
2325 CRENSHAW BOULEVARD, TORRANCE
(FOURTH DISTRICT) (3 VOTES)**

SUBJECT

This recommendation is for a seven-year lease amendment for the continued use of 60,804 rentable square feet of office space and 350 parking spaces for the Department of Children and Family Services (DCFS).

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chair to sign a seven-year lease amendment with 2325 P.D.A LLC, (Landlord) for DCFS to occupy 60,804 rentable square feet of office space and 350 parking spaces at 2325 Crenshaw Boulevard, Torrance, at a maximum first-year annual cost of \$1,276,884. The program is 70.23 percent funded by State and Federal funds and 29.77 percent net County cost.
3. Authorize the Chief Executive Office, Internal Services Department, and Department of Children and Family Services to implement the project. The lease will be effective upon approval by your Board.

"To Enrich Lives Through Effective And Caring Service"

***Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only***

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DCFS has occupied the entire facility since August 1999. The current lease expired on August 8, 2009, and currently the County is operating on a month-to-month holdover basis. The facility houses the Adoption and Revenue Enhancement units, and collaborative programs. These programs provide direct client services designed to maintain the family unit, reunify families, and place children where reunification is not possible.

The Adoption units are direct service programs and involve case management supervision. The Revenue Enhancement units provide support to social workers by assisting in finding placement for children in out-of-home care. In addition, smaller collaborative programs are housed at this facility such as the Family Group/Team Decision Making, and the Department of Mental Health/Children's Services, to enhance direct services to children and families in Service Planning Area 8.

The facility currently accommodates 412 employees. The programs were approved for 72,831 square feet, however, the County was only able to renew the existing 60,804 square feet facility due to existing budgetary constraints. Renewal will also eliminate the need to relocate the programs to another facility, thus avoiding the costs of Tenant Improvements (TI), furniture, telecommunications, and low voltage requirements associated with acquiring new space. The proposed lease amendment will provide adequate office space for the continued operation of the programs housed at this facility.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we enhance the economic and social outcomes through integrated, cost-effective and client-centered supportive services (Goal 2). In this case, the County is supporting the goal by providing an office in the community it serves, providing easy access to quality information and responsive services, enhancing the lives of children and their families.

FISCAL IMPACT/ FINANCING

The proposed lease amendment will provide DCFS the use of 60,804 square feet of office space and 350 onsite parking spaces for \$106,407 per month, or \$1,276,884 annually, which represents a savings of \$37,884 annually.

| 2325 Crenshaw Blvd., Torrance | Existing Lease | Proposed Lease Amendment No. 1 | Change |
|---|--|---|--|
| Total Area | 60,804 square feet (sq.ft.) | 60,804 sq.ft. | None |
| Term | Ten years (8/09/1999-8/08/2009) | Seven years, upon Board approval. | -Three years |
| Annual Base Rent | \$1,314,768 (\$21.62/sq.ft.)* | \$1,276,884 (\$21.00/sq.ft.) | -\$0.62/sq.ft. |
| Base Tenant Improvement (TI) Allowance | \$15/sq.ft. | \$10/sq.ft. (estimated) | -\$5/sq.ft. |
| Additional TI Allowance | \$40/sq.ft. | None | No Additional TIs |
| Cancellation | At 60 th and 90 th month with 9 months notice | At 60th month with 6 months notice. | - 30 months - 3 months notice |
| Parking (included) | 350 | 350 | None |
| Option to Renew | One five-year | One five-year | None |
| Rental Adjustment | Annual step increases average 3 percent | Year 1 = \$21.00 Year 2-7 = \$21.60 | One-time adjustment, Flat rent thereafter |

* Excludes utilities, which per Building Owners & Managers Association costs an additional \$2.28/sq.ft. annually, or \$138,633.

This is a modified-gross service lease whereby the Landlord is responsible for all operating costs associated with the County's occupancy, less utilities. Included in the rent, the Landlord will provide new carpet, vinyl tile, paint and miscellaneous repairs estimated to cost approximately \$10 per square foot, or about \$608,000.

Sufficient funding for the proposed lease costs is included in the 2009-10 Rent Expense budget and will be billed back to DCFS. DCFS has sufficient funding in its 2009-10 operating budget to cover the projected lease costs. Costs associated with the proposed lease amendment will be 70.23 percent funded via State and Federal funding and 29.77 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed seven-year lease amendment will provide 60,804 square feet of office space and 350 parking spaces. The proposed lease amendment contains the following provisions:

- A seven-year term commencing upon Board approval.

- A modified-gross basis with the Landlord responsible for all operating and maintenance costs, with the exception of utilities.
- A TI provision providing new carpet, vinyl tile, paint and minor alterations included in the base rent.
- A cancellation provision allowing the County a one-time right to cancel at the 60th month with 180 days prior written notice and payment of a cancellation fee equal to the unamortized balance of the verified costs of the base TI remaining in the last two years of the seven year term. The County would pay a lump sum amount for 24 months out of an 84 month straight line amortization schedule, on a no interest, actual cost basis.
- A five-year option to renew with six months written notice.
- One-time rental increase at beginning of year two of \$.05/\$.60 per square foot per month/annually, or \$1.80/\$21.60 per square foot per month/annually. Rent to remain flat through the remainder of the term.

The Chief Executive Office (CEO) Real Estate staff conducted a survey within the Torrance area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon said survey, staff has established that the rental range for similar office space is between \$22.20 and \$30.00 per square foot per year on a modified-gross basis. Thus the base annual rent of \$21.00 per square foot per year modified-gross, including parking, for the proposed lease represents a rate within the low end of the market range for the area. Attachment B shows County-owned or leased facilities in the proximity of Service Area Eight and there are no suitable County-owned or leased facilities available for the program.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. Notification letters have been sent to the City of Torrance pursuant to Government Code Sections 25351 and 65402.

A child care center is not feasible for the department in the proposed lease premises.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

The Honorable Board of Supervisors
March 30, 2010
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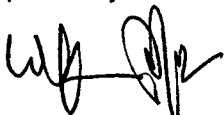
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DCFS concurs with the proposed lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return four originals of the executed lease amendment, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK:WLD
CEM:FC:hd

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Internal Services Department
Department of Children and Family Services

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
2325 CRENSHAW BOULEVARD, TORRANCE**

Asset Management Principles Compliance Form¹

| | | | | | |
|-----------|------------------------------------|--|------------|-----------|------------|
| 1. | <u>Occupancy</u> | | Yes | No | N/A |
| | A | Does lease consolidate administrative functions? ² | | | X |
| | B | Does lease co-locate with other functions to better serve clients? ² | | | X |
| | C | Does this lease centralize business support functions? ² | | | X |
| | D | Does this lease meet the guideline of 200 sq. ft of space per person? ² 148 square feet per person. Budget constraints at this time prevent DCFS from moving to a larger facility. | | X | |
| 2. | <u>Capital</u> | | | | |
| | A | Is it a substantial net County cost (NCC) program? | | X | |
| | B | Is this a long term County program? | X | | |
| | C | If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy? | | X | |
| | D | If no, are there any suitable County-owned facilities available? | | X | |
| | E | If yes, why is lease being recommended over occupancy in County-owned space? | | | X |
| | F | Is Building Description Report attached as Attachment B? | X | | |
| | G | Was build-to-suit or capital project considered? Due to favorable lease rates, a capital project is not being considered at this time. | | X | |
| 3. | <u>Portfolio Management</u> | | | | |
| | A | Did department utilize CEO Space Request Evaluation (SRE)? | X | | |
| | B | Was the space need justified? | X | | |
| | C | If a renewal lease, was co-location with other County departments considered? | X | | |
| | D | Why was this program not co-located? | | | |
| | | 1. ____ The program clientele requires a "stand alone" facility. | | | |
| | | 2. <u>X</u> No suitable County occupied properties in project area. | | | |
| | | 3. ____ No County-owned facilities available for the project. | | | |
| | | 4. ____ Could not get City clearance or approval. | | | |
| | | 5. ____ The Program is being co-located. | | | |
| | E | Is lease a full service lease? ² Modified gross (net utilities) as with existing lease Landlord refuses to incur this expense. | | X | |
| | F | Has growth projection been considered in space request? | | | X |
| | G | Has the Dept. of Public Works completed seismic review/approval? | X | | |
| | | ¹ As approved by the Board of Supervisors 11/17/98 | | | |

²If not, why not?

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SPACE SEARCH SERVICE AREA 8
2325 CRENSHAW BOULEVARD, TORRANCE**

| ADDRESS | SQUARE GROSS | FEET NET | OWNERSHIP | SQUARE FEET AVAILABLE |
|--|-----------------|----------|-----------|--------------------------|
| 151 E CARSON ST, CARSON 90745 | 33112 | 27001 | OWNED | NONE |
| 20221 S HAMILTON ST, TORRANCE 90502-1321 | 66825 | 54835 | LEASED | NONE |
| 923 E REDONDO BLVD (905-921 REDONDO BLVD), INGLEWOOD 90302 | 40000 | 27898 | OWNED | 27898 |
| 11539 S HAWTHORNE BLVD, HAWTHORNE 90250 | 31832 | 27057 | LEASED | NONE |
| 12000 HAWTHORNE BLVD, HAWTHORNE 90250 | 132996 | 106397 | LEASED | NONE |
| 9800 S LA CIENEGA BLVD, INGLEWOOD 90301 | 54722 | 51986 | LEASED | NONE |

**AMENDMENT NO. 1 TO LEASE NO. 72044
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

THIS AMENDMENT NO. 1 TO LEASE NO. 72044 ("Amendment" or "Amendment No. 1") is made and entered into as of this _____ day of _____, 2010, by and between **2325 P.D.A. LLC**, a California limited liability company ("**Lessor**"), and the **COUNTY OF LOS ANGELES**, a body corporate and politic ("**Lessee**").

RECITALS:

WHEREAS, on February 16, 1999, Lease No. 72044, (the "Lease") was entered into by and between 2325 P.D.A. LLC, as Lessor and the COUNTY OF LOS ANGELES, as Lessee to lease approximately 60,804 rentable square feet of office space commonly known as (the "**Premises**") in the building located at 2325 Crenshaw Blvd., Torrance, California (the "**Building**"), for a term of ten (10) years (the "**Initial Term**") from August 9, 1999, to August 8, 2009;

WHEREAS, Lessor, and Lessee desire to amend the Lease for the purpose of extending the term of the Lease and modifying certain provisions of the Lease as set forth herein.

WHEREAS, pursuant to Paragraph 2, TERM, subparagraph A, Original Term, of the Lease, Lessee now desires to extend such Lease for an additional seven (7) years, and Lessor is in agreement with extending and amending the term pursuant to Paragraph 2 herein;

WHEREAS, Lessor and Lessee desire to amend Paragraph 2, TERM, by adding a Second Option to Renew for an additional five (5) years;

WHEREAS, Lessor and Lessee desire to amend Paragraph 3, RENT, to reflect the rent to be paid during the Extended Term of the Lease and thereafter;

WHEREAS, Lessor and Lessee desire to amend Paragraph 5, CANCELLATION, to reflect the cancellation provision for the extended Lease term.

WHEREAS, Lessor and Lessee desire to amend Paragraph 15, NOTICES, to reflect the proper notice information for the Lessee;

WHEREAS, Lessor and Lessee desire to amend Paragraph 17, INSURANCE, to reflect the current insurance requirements for the extended Lease term.

WHEREAS, Lessor and Lessee desire to amend Paragraph 25, TENANT IMPROVEMENTS, to reflect agreed upon improvements for the Extended Term; and

WHEREAS, Lessor and Lessee desire to add Paragraph 30, GENERATOR ACCESS, to reflect the Lessor granting access to Lessee of existing building's gas generator.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements hereinafter contained, and are intended to be legally bound, Lessor and Lessee hereby covenant and agree to amend Lease No. 72044 as follows:

1. **Defined Terms.** Lessor and Lessee hereby agree that all initial capitalized terms used in this Amendment shall have the same meaning given such terms in the Lease unless otherwise defined in this Amendment.
2. **Extension of Term.** The Initial Term of the Lease is renewed for eighty-four (84) months ("First Extended Term"), subject to all of the terms, covenants, and conditions contained in the Lease, except as set out in this Amendment.
3. **Amendment of Lease.** The Lease is amended as of the date hereof (the "Effective Date"), unless another date is expressly provided, as follows:
 - 3.1 Paragraph 2, TERM, Subsection A, Original Term, is hereby amended by deleting the words "Original Term:" and substituting in lieu thereof the words "Initial Term".
 - 3.2 Paragraph 2, TERM, Subsection B, Option to Renew, is hereby amended by adding the following to the end thereof as follows:

The existing Option to Renew has been exercised and amended to a (7) seven year term as set forth in Amendment No. 1.
 - 3.3 Paragraph 2, TERM is further amended by adding a new Subsection C, First Extended Term and Subsection D, Second Option to Renew as follows:

C. First Extended Term: Lessee desires to exercise the Option to Renew and extend the Initial Term of the Lease and Lessor is in agreement with Lessee extending the Initial Term of the Lease. As such, the First Extended Term of the Lease shall be for a period of seven (7) years commencing upon approval of Amendment No. 1 by the Board of Supervisors of the County of Los Angeles (the "First Extended Term Commencement Date"), and ending seven (7) years thereafter.

D. Second Option to Renew: Lessee shall have the option to renew this Lease for a period of five (5) years (the "Second Option Term") under the same terms and conditions except that the rental rate for the Second Option Term shall be adjusted by negotiation not to exceed ninety-five percent (95%) of the fair rental value which Lessor could derive on the open market for a term concurrent with the Second Option Term ("**Fair Rental Rate**"). The Fair Rental Rate of the Premises shall be determined by using the rental rate prevailing for similarly-improved

office space within a one (1) mile radius of the Premises for transactions consummated within the last nine (9) months immediately preceding the commencement date of the Second Option Term. If transactions for similarly improved office space cannot be identified within a one (1) mile radius of the Premises, then the search area shall be enlarged to a two (2) mile radius. In determining the Fair Rental Rate, equitable adjustments to the surveyed rental values shall be made for the size and credit worthiness of the lessee, the quality of the project, the project's parking capacity and parking rates, the nature of the lessee's tenant improvements and any other lease terms having an impact on rental value (including but not limited to a tenant's option to expand or purchase).

Lessee, by Chief Executive Office letter, shall notify Lessor in writing not less than one hundred eighty (180) days prior to expiration of the First Extended Term of Lessee's intention to exercise its option. The actual exercise of the option shall be by the Board of Supervisors of the County of Los Angeles or by the Chief Executive Office.

3.4 Paragraph 3, RENT, is hereby modified and the following Subsection A and B have been added as follows:

A. Initial Term Rent: The rent language remains as stated in the Lease and is hereby incorporated under Subsection A, as amended hereby.

B. First Extended Term Rent. Commencing on the First Extended Term Commencement Date, Lessee agrees to pay as rent for said Premises the sum of ONE HUNDRED SIX THOUSAND, FOUR HUNDRED SEVEN AND NO/100 DOLLARS (\$106,407.00) per month, i.e. \$1.75 per rentable square foot per month, during months 1 through 12 of the First Extended Term, and ONE HUNDRED NINE THOUSAND, FOUR HUNDRED FORTY-SEVEN AND 20/100 DOLLARS (\$109,447.20) per month, i.e. \$1.80 per rentable square foot per month during months 13 through 84 of the First Extended Term hereof within 15 days after a claim therefor for each such month has been filed by Lessor with the Auditor of the County of Los Angeles prior to the first day of each month. Basic rent for any partial month shall be prorated in proportion to the number of days in such month.

3.5 Paragraph 5, CANCELLATION, is hereby deleted in its entirety, and replaced with the following:

Lessee shall have a one time right to cancel this Lease effective at 11:59 p.m. on the last day of the sixtieth (60th) month of the First Extended Term of this Lease by giving Lessor 180 days prior written notice of its intent to cancel, by letter from Lessee's Chief Executive Office. If such cancellation right is exercised, Lessee shall reimburse Lessor no later than thirty (30) days after such cancellation in a lump sum for the unamortized amount of the cost of Lessee's tenant improvements based upon the actual costs as contained in a letter from Lessor to

Lessee certifying such actual costs within a reasonable time after completion of the improvements.

3.6 Paragraph 15, NOTICES, is hereby deleted in its entirety, and replaced with the following:

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope (i) with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service, or (ii) delivered by an overnight courier service that confirms delivery. Either party may by written notice similarly given designate a different address for notice purposes.

Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

2325 P.D.A. LLC
2377 Crenshaw Blvd., Suite 300
Torrance, California 90501

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:

Chief Executive Office
Real Estate Division
Attention: Director of Real Estate
222 South Hill Street, 3rd Floor
Los Angeles, California 90012

3.7 Paragraph 17, INSURANCE, is hereby amended so as to delete Subsection B and replace it with the following:

B. During the term of this Lease, Lessor shall also at all times maintain in force a policy of comprehensive public liability insurance insuring against injury to persons and damage to property. This policy shall have a combined single limit coverage of not less than five million and no/100 dollars (\$5,000,000) per occurrence. The policy coverage shall be reviewed by the insurer at least every year to assure sufficient coverage.

3.8 Paragraph 25, TENANT IMPROVEMENTS, is hereby deleted in its entirety, and replaced with the following:

A. Lessee acknowledges that it is already in possession of the Premises pursuant to Lease No. 72044, and that Lessor shall be deemed to have delivered possession of the Premises to Lessee on the First Extended Term Commencement Date in an "as-is" condition with no alterations or improvements being made by Lessor except the following:

Lessor shall, at Lessor's cost, following the First Extended Term Commencement Date, perform the work more particularly described in Exhibit A attached hereto and incorporated herein by this reference (collectively, the "**Lessor Work**"). The Lessor Work shall be performed using Building standard materials, procedures and specifications, as set forth in Exhibit A hereto. Lessor agrees to perform the Lessor Work before 7:00 a.m. or after 6:00 p.m. on Mondays through Fridays and/or at any time on the weekends. Lessee hereby agrees to use its best efforts to cooperate with Lessor in connection with the construction of the Lessor Work. Notwithstanding the immediately preceding sentence, in connection with the performance of the Lessor Work, Lessor agrees to move, to the extent necessary, Lessee's furniture and such other items as Lessor may require be moved in order to perform the Lessor Work; provided, however, Lessee shall be required to move Lessee's computers, copiers and other personal property which Lessor or its contractor may request be moved. Notwithstanding the foregoing, Lessor shall use its commercially reasonable efforts to perform the Lessor Work in a manner so as to minimize unreasonable interference with Lessee's business at the Premises. Lessor shall endeavor to perform all work within three (3) months of approval of this Amendment by Lessee's Board of Supervisors, but in no event shall the work be completed later than nine months after such approval of this Amendment by the Board of Supervisors.

3.9 The Lease is further amended by adding a new Paragraph 30, GENERATOR ACCESS, immediately following Paragraph 29 as follows:

30. GENERATOR ACCESS: Lessor hereby grants Lessee access to the Building's gas generator for backup power to serve MCR/File server room. Lessee shall be responsible for trace out of circuits, disconnection from battery backup and reconnection to the generator (Lessee estimated a need to run approximately 10 circuits to tap into the power grid,) to be used during the Extended Term of the Lease and thereafter;

4. Original Lease in Full Force. Notwithstanding anything to the contrary herein, all of the terms and conditions contained in the Lease, which are not modified by this Amendment shall remain in full force and effect. In the event of a conflict between the Lease and this Amendment, the terms of this Amendment shall control.


5. Brokers. Neither Lessee nor Lessor shall obligate the other for any commission, fee or other payment in connection with this transaction. Lessor and Lessee shall hold the other party harmless from all damages (including reasonable attorneys' fees and costs) resulting from any claims that may be asserted against the other by any broker, finder, or other person in connection with this transaction. Landlord shall be solely responsible for any commission payable to Transpacific Development Company with respect to this transaction.

(Signatures on Next Page)

IN WITNESS WHEREOF, the Lessor has executed this Amendment or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chairman of said Board and attested to by the Clerk thereof the day, month, and year first above written.

"LESSOR"

2325 P.D.A. LLC,
a California limited liability company

By: 
Name: Roberta P. Irish
Its: President

"LESSEE"

COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: GLORIA MOLINA
Its: Chair, Board of Supervisors

ATTEST:

SACHI A. HAMAI,
Executive Officer-Clerk of the Board of Supervisors

By: _____

APPROVED AS TO FORM:
ANDREA SHERIDAN ORDIN
COUNTY COUNSEL

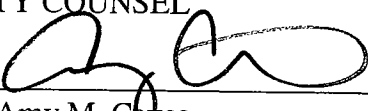
By: 
Amy M. Cayes
Senior Deputy

EXHIBIT A

TENANT IMPROVEMENTS

Lessor, at Lessor's sole cost and expense, shall perform the following Tenant Improvements in the Premises, utilizing Lessee's current standard grade, quality, make, style, design and color materials and construction methods for the Building, as applicable: Rooms designated on this Exhibit A are generally those as indicated on the attached Exhibit A-1.

General

Paint:

- A. Paint all existing interior spaces including, but not limited to walls, hard-lid ceilings, doors, and trim. Door frames are not to be painted. Provide one primer coat and two finish coats.
- B. Provide one base color, and four accent colors:
 - Office areas: eggshell or low sheen finish.
 - Restrooms, lunchrooms and breakrooms: semi-gloss.
- C. Specify Dunn Edwards, or approved equal.
- D. Walls that are behind cubicles, filing cabinets or millwork shall not be painted. Lessee will remove all items from walls prior to painting including memos, tape, pictures and personal property, but Lessor will remove and reinstall bulletin boards, white boards and similar wall items.

Carpet:

- A. Install new carpet throughout, including corridors where carpet is currently installed.
- B. Carpet shall be textured, patterned modular carpet tile, 24oz. minimum yarn weight throughout. Allow for four (4) patterns.
- C. Specify Mannington, Masland, Designweave, Shaw Contract, or approved equal.
- D. Lessor will be responsible for the furniture lift for carpet replacement, including moving any furniture, fixtures, and/or equipment (including the disconnection of electrical equipment), and other property which Lessor or its contractor may require be moved to perform the work, provided however, that upon prior notice from Lessor or its contractor, Lessee shall arrange for all appropriate telephone, communication and computer wires or cables to be disconnected in advance of the moving of such equipment, and shall empty out, and remove any items from on top of, all filing cabinets. Lessor and Lessee hereby agree to cooperate with the other party and exercise reasonable, good faith efforts to coordinate the timing and planning of the Tenant Improvement work.

Topset Base:

- A. Install 4" or 2" vinyl topset base at all new and existing walls and cabinet bases.

Vinyl Tile

- A. Replace all vinyl tile in the Lunch Room and other rooms which currently have vinyl tile, except as otherwise noted herein.
- B. Vinyl tile is not to be replaced in the Storage Rooms nor the Copy Area near the Mechanical and Communications Rooms.
- C. Specify Armstrong "Excelon Premium", or approved equal.

Corner Guards:

- A. Install 4' height X ½" or 2" wide, vinyl, plastic, or metal corner guards where specified.

Ceiling Tiles:

- A. Replace old style ceiling tiles and clean or replace supply/return air grills in conference rooms A/B/C, Reception Area and Lunch Room.

Specific Areas

Reception Area:

- A. Wall paper separating from the wall (wall corners) will be repaired.

Conference Room A/B:

- A. Partition folding door- Adjust track and repair and clean door. Restrooms:
- A. Replace men's restroom countertop. Replace cracked light lens.

Hallway phone counters near restrooms:

- A. Remove counter tops near old phone counters in tow locations. Patch walls prior to painting.

Mail room:

- A. Drawer needs to be repaired (millwork).
- B. Provide new mail slots.

Main work area/center of room:

- A. Replace double doors
- B. Repair uneven floor levels area near cubicles# 170 & 180.during new carpet installation. Check raised floor system.

Mini Blinds

- A. Install six (6) new mini-blind window coverings.

Parking:

- A. Slurry seal and re-stripe parking lot. Add designation for "VAN" parking. Create a no-parking zone around van space.

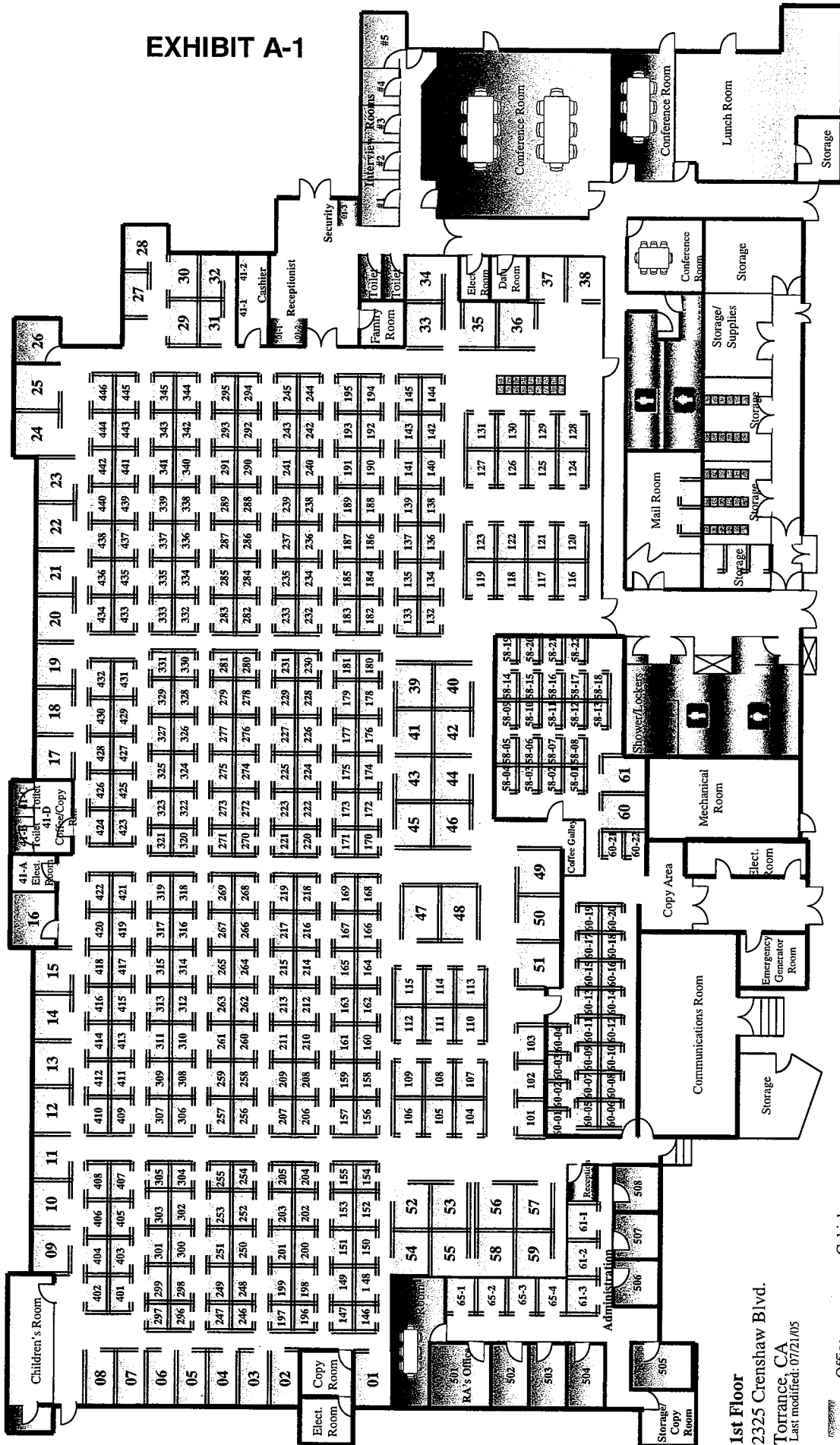
Furniture:

- A. Lessor will provide an allowance of up to \$5,000 for Lessee's use to clean fabric panel partitions and chairs and for chair repair. Lessee will provide invoices for such work within six (6) months of the commencement of the First Extended Term and Lessor will promptly pay such invoices up to the allowance. Lessor will have no obligation to pay any or all of the allowance that is submitted to Lessor for payment after said six (6) month period.

Work Not Included In Tenant Improvements:

- A. No work is to be completed in the Storage, Supply, Mechanical, Electrical, or Emergency Generator Rooms.

EXHIBIT A-1



1st Floor
 2325 Crenshaw Blvd.
 Torrance, CA
 Last modified: 07/21/05

Office = Office
 Cubicle = Cubicle